GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:203
ANSWERED ON:07.08.2006
NOTICES ISSUED TO DRUG COMPANIES
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the National Pharmaceutical Pricing Authority (NPPA) is responsible for price fixation/revision of drugs and formulations and other related matters;

(b) whether the NPPA also monitors the prices of decontrolled drugs and formulations and oversees the implementation of the provisions of Drugs (Price Control) Order, 1995 (DPCO, 95);

(c) the number of bulk drugs which falls under the price control and the prices fixed for these drugs;

(d) whether drug companies are overcharging the patients for drugs;

(e) if so,the details of overcharging notices issued by the NPPA to various drug companies during the last three years and the current financial year;

(f) the amount of liability to each company; (g) the details of the cases settled, pending and the amount recovered during the said period; and (h) the steps taken by the Government to recover the remaining amount with interest?

Answer

MINISTER OF THE STATE IN THE MINISTRY CHEMICALS AND FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN):

(a) to (h) The 74 bulk drugs specified in the First Schedule of the Drugs (Prices Control) Order, 1995 (DPCO, 95) and the formulations based thereon are under price control and their prices are fixed/revised by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the DPCO, 95. The detail of prices of Scheduled Bulk Drug/Derivatives fixed/revised by NPPA is given in the enclosed statement-I. These drugs have been kept under price control on the basis of criteria mentioned in `Modifications in Drug Policy, 1986`, announced in September 1994.Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc., The NPPA monitors the prices of medicines as per monthly Retail Audit Reports of ORG-IMS Research Pvt. Ltd.
NPPA regularly takes action against Pharma companies who do not implement the prices fixed/ notified by NPPA under the provisions of DPCO` 1995 and this is a continuous and ongoing process. NPPA since its inception in August 1997, has raised the demand of Rs.719.94 crores for the recovery towards overcharged amount in 355 cases under the provisions of DPCO 1995 read \with Essential Commodities Act, 1955. NPPA has recovered Rs.99.28 crores (utp June 2006) from the defaulting companies. Details of overcharging notices issued by the NPPA to various drug companies during the last three years and the current financial year (upto 30.6.2006) is given in the enclosed statement-II. NPPA has been regularly taking appropriate action for the recovery of the overcharged amount. In some major cases the recovery is affected, due to the cases being subjudice in various High Courts and Honorable Supreme Court of India. Special efforts are being taken to get these cases expeditiously decided.